

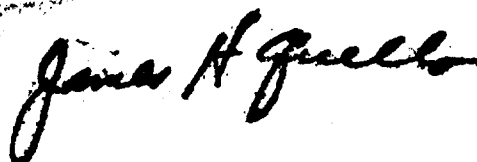
Honorable Edward J. Markey

2.

With respect to rates, you are concerned that the Commission adequately regulate the rates of tiers above the basic tier, and that the Commission look for guidance to the rates charged by cable systems facing competition. As you know, the Commission adopted rate regulations for cable systems on April 1, 1993, which, as a first step, could mean total savings to consumers of about one billion dollars. The Commission has developed a benchmark formula for cable rates that will enable regulators to approximate what the competitive rates should be for a given cable system with particular characteristics, and to require a noncompetitive system to reduce its rates to this level or by ten percent, whichever is less. Thus, as you suggest, the rate reductions that we will order will be based on competitive levels. In addition, we will be investigating the rates of those operators that remain significantly above the benchmark after these first reductions are ordered to determine whether they should be reduced even further. Moreover, the same benchmark formula applies to both basic and cable programming service rates, thus addressing your concerns regarding regulation of rates in tiers the basic tier.

The texts of these decisions will be released shortly. I have enclosed copies of news releases that include detailed summaries of both items. Thank you for your interest in this matter.

Sincerely,

A handwritten signature in dark ink, reading "James H. Quello". The signature is fluid and cursive, with the first name "James" and last name "Quello" clearly legible.

James H. Quello
Chairman

Enclosures

JHHalprin:syj:prd:MMB
Typed:04/06/93

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U.S. House of Representatives

Committee on Energy and Commerce

SUBCOMMITTEE ON TELECOMMUNICATIONS AND FINANCE

Washington, DC 20515-6119

March 22, 1993

ROOM 42316
 FORD HOUSE OFFICE BUILDING
 PHONE (202) 226-2424

DAVID H. MOULTON
 CHIEF COUNSEL AND STAFF DIRECTOR

The Honorable James H. Quello
 Acting Chairman
 Federal Communications Commission
 1919 M Street, N.W.
 Washington, DC 20554

Dear Chairman Quello:

I continue to be concerned by the actions of some cable companies in the weeks leading up to the issuance of FCC regulations to implement the Cable Television Consumer Protection and Competition Act of 1992. I would like to reiterate my concerns regarding two very important provisions of the law.

The two principal objectives of Congress in passing the Cable Act were to increase competition in the video marketplace and to control cable rates for consumers in the absence of effective competition.

Access to programming is one of the principal provisions in the Cable Act designed to increase competition to local cable monopolies. As you are aware, the provision prohibits vertically integrated cable programming services from discriminating among multichannel video providers in price, terms, and conditions in the sale and delivery of programming. The burden in proving that price differences are not discriminatory lies with the vertically integrated program provider who must demonstrate that differences in price meet one of four specific exemptions in the law. I am

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The Honorable James H. Quello
March 22, 1993
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The legislative history lays out the intent of Congress with regard to these fundamental provisions. The Subcommittee will closely review the regulations promulgated by the FCC to ensure that such regulations are consistent with Congressional intent.

I look forward to working with you and your colleagues on the Commission on these important issues, and I thank you for your attention to my concerns.

Sincerely,

A handwritten signature in dark ink, appearing to read "Edward J. Markey". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Edward J. Markey
Chairman